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RUEHWL/AMEMBASSY WELLINGTON 0738  
RUEHBS/USEU BRUSSELS  
INFO RUEHBN/AMCONSUL MELBOURNE 6997  
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C O N F I D E N T I A L SECTION 01 OF 03 STATE 123722

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SUBJECT: EUROPEAN UNION DISCUSSES FIJI AND DONOR  
COORDINATION OPPORTUNITIES IN THE PACIFIC

11. Classified by EAP/ANP Director Alcy Frelick. Reasons: 1.4  
(b and d)

12. (U) November 19, 2009; 8:30am - 3:30pm; Washington, D.C.,  
U.S.A.

13. (U) Participants

United States:

Frankie Reed, EAP/ANP Deputy Assistant Secretary

Alcy Frelick, Director EAP/ANP

Stephen Schwartz, Deputy Director EAP/ANP

Doug Carey, Pacific Islands Desk Officer

Paul Neville, Freely Associated States Desk Officer

Andrew Moore, Australia and Pacific Regional Affairs Desk  
Officer

Bill Bellis, Pacific Desk Officer

Dennis Sharma, USAID EAA Deputy Director

EU:

Ranieri Sabatucci, Head of Pacific Unit

Despina Manos, Political and Development Section

14. (SBU) SUMMARY: EAP/ANP Office Director Alcy Frelick  
hosted her EU counterpart, Ranieri Sabatucci, for a set of  
U.S.-EU Pacific consultations. The informal consultations  
served as an opportunity to share perspectives on the Pacific  
and identify areas for potential collaboration. Sabatucci  
and Frelick agreed to future consultations and to develop  
projects and proposals that address shared interests and are  
reflective of an enhanced relationship. They also discussed  
the current political situation in Fiji and prospects for  
productive engagement. END SUMMARY

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EU priorities and U.S. parallels  
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15. (SBU) Sabatucci explained that the EU was upgrading its  
Pacific engagement as part of a strategy to enhance dialogue  
on matters of common interest such as trade, governance, and  
aid effectiveness. He also noted that while the EU's  
Pacific strategy is deeply committed to cooperation with  
Australia and New Zealand, the EU brings a global perspective  
and speaks with one voice for European nations in the Pacific  
as there is little bilateral member-state representation.  
The EU wants to work with the United States and others to  
make aid delivery more efficient, in part by shifting  
portions of its aid to direct budgetary support and by  
focusing on regional cooperation. Sabatucci outlined EU

interests in renewable energy, climate change, governance, and capacity building.

¶6. (U) Frelick provided an overview of U.S. engagement in the Pacific, discussing our ties with U.S. territories, our agreements with the Freely Associated States, and our efforts to increase engagement with Pacific Island countries. Sabatucci noted that the EU's preferred mechanism for aid (direct budget support) made the Department of the Interior a natural partner. Sabatucci expressed interest in coordinating with the United States to address gaps in development sectors not addressed by Compact funding. Frelick highlighted the energy sector as one in which EU partnership would be especially productive. Frelick also noted U.S. direct contributions to regional organizations such as the Secretariat of the Pacific Community and the Forum Fisheries Agency as examples of U.S. regional engagement.

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Development Coordination  
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¶7. (SBU) Sabatucci explained the EU's five-year-plan has budgeted 475 million for the Pacific Island countries through its European Development Fund (EDF) and noted an EU goal that 50% of its aid be in the form of direct budget

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support by 2013. Sabatucci said coordination and transparency will be particularly important as a flurry of money intended to combat climate change, from a variety of nations, will become available in the coming years.

¶8. (SBU) USAID Deputy Director for East Asia Dennis Sharma provided an overview of USAID in the Pacific and its possibilities as it considers a reentry into the Pacific. Frelick noted three specific areas for potential cooperation: climate change adaptation, and energy/renewable energy. Sabatucci offered possible collaboration on forestry management and disaster preparedness. He explained the EU will have 40 million to spend on disaster preparedness in the Pacific and hopes to work with the United States to fund effective disaster alert and mitigation mechanisms and may look to the Pacific Island Forum to develop a regional disaster strategy. In forestry, Sabatucci noted that concerns over economic governance might force the EU to reduce its aid to Papua New Guinea (PNG). But he emphasized the importance of protecting the forestry sector as a means of addressing both governance, perhaps via the Extractive Industries Transparency Initiative, and environmental conservation concerns. Frelick also said that partners had to consider ways to help move PNG away from violence.

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Fiji  
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¶9. (C) The situation in Fiji dominated the discussion of governance issues in the Pacific. Sabatucci provided a readout of EU Director General Stefano Manservigi's November 18 meeting in Brussels with de facto Prime Minister Frank Bainimarama. In response to EU insistence in advance of the meeting that Bainimarama come to the table with something new, Bainimarama announced a National Dialogue process immediately prior to the meetings. Manservigi questioned the utility of a National Dialogue that excluded political parties and other interests, held under conditions restricting free speech. Bainimarama admitted that he needed money to implement his reform program, but Manservigi countered that Fiji needed to demonstrate credibility, and suggested that the regime restore parts of the 1997 constitution. Sabatucci said Bainimarama agreed this would be possible.

¶10. (C) Sabatucci explained that Australia and New Zealand

regarded EU engagement with Fiji with "lingering mistrust." Conversely, Sabatucci described Australia and New Zealand policy towards Fiji as "clumsy" and "reactive." He thought the travel bans were counterproductive and excessive Aussie control of the Pacific Island Forum (PIF) was weakening the PIF's credibility and generating resistance to democratic values; playing right into the hands of Bainimarama. Sabatucci suggested that Bainimarama's plan for an expanded Melanesian Spearhead Group under Fijian leadership in 2010 may not be a bad idea insofar as it would restore Pacific Island ownership and self-responsibility. He noted that Bainimarama's announcement of a new public dialogue coincided with his meetings with the EU this week as proof that the EU and United States may be a more effective mediator for the restoration of rule of law, rights and elections, and specific carrots that would follow.

¶11. (C) Frelick suggested that the international community was making progress with Fiji since the last PIF meeting in August, but Fiji's recent expulsions of senior diplomats from Australia and New Zealand had thoroughly undermined progress. She said that many Pacific Island leaders were starting to see the problem as rooted not in Australia or New Zealand but in Frank Bainimarama. Frelick lamented that Bainimarama was uninterested in the opportunity to engage with Australia and New Zealand as they lessened their tone over the last few months. She explained that the United States has worked hard to maintain dialogue with the de facto government and sought to demonstrate that engagement with the international community produces benefits. Without a free press and an independent judiciary, Frelick said, an inclusive dialogue with Fiji would be impossible.

¶12. (C) With little time remaining, Frelick and Sabatucci

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concluded that the continual focus on Fiji, particularly given the lack of results, was a distraction to other important issues and needs in the Pacific. They noted positive democratic reforms in Tonga and upcoming elections in Solomon Islands, and discussed the critical governance issues that challenge PNG.

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Next Steps  
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¶13. (U) Sabatucci described the event as his &most important meeting this year.<sup>8</sup> Both sides agreed to follow up with another meeting, perhaps a Digital Video Conference, within a few months and to start encouraging counterparts at posts in the Pacific to provide input on specific ideas for collaboration. While initial suggestions gravitated towards integrating direct budget support to the Freely Associated States, energy, and climate change, it was clear that the scope for a collaborative strategy remains broad.  
CLINTON